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Impact of CEO Narcissism on Forward Looking Disclosure: Evidence from Pakistan

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ABSTRACT

This study examines the relationship between CEO narcissism and forward-looking disclosure (FLD) among non-financial firms listed on Pakistan's PSX-100 Index. Using a sample of 40 firms over 2013-2022, we employ OLS regression to test whether narcissistic CEOs provide more extensive forward-looking information. The results demonstrate a significant positive association between CEO narcissism and FLD levels, indicating that narcissistic CEOs utilize forward-looking statements as a strategic communication tool to enhance visibility and influence stakeholder perceptions. Analysis reveals that narcissistic CEOs particularly excel at providing qualitative forward-looking information and show strong preferences for financial, non-financial, and environmental disclosures. This study contributes the first empirical evidence of the CEO narcissism-disclosure relationship in an emerging market context, extending upper echelon theory to corporate communication practices. The findings offer practical implications for boards, regulators, and investors by highlighting how CEO psychological characteristics shape corporate transparency decisions.

Keywords: CEO narcissism; Forward-looking disclosure; upper echelon theory; corporate governance; transparency; PSX-100 Index

1. Introduction

In the realm of corporate governance and financial communication, the ability of firms to convey their future intentions and strategic direction has become a cornerstone of investor relations and market transparency (Hussainey, 2004). This increasing emphasis on anticipatory communication has led to the emergence and formal study of forward-looking disclosure (FLD), a voluntary reporting mechanism through which companies share their expectations, goals, strategies and forecasts with stakeholders. FLD plays a critical role in mitigating information asymmetry between corporate managers and external stakeholders such as shareholders, creditors, analysts, and regulators. By sharing expectations about future financial performance, operational goals, risks, and market opportunities, forward-looking statements help stakeholders make more informed decisions, reduce uncertainty, and ultimately enhance capital market efficiency (Hope & Liu, 2023; Lim, Matolcsy, & Chow, 2007).

FLD is not a statutory requirement in most jurisdictions, which makes its presence and content primarily influenced by firm-level strategic intent, governance structure, and managerial discretion. Prior research has shown that voluntary disclosures, such as those that are forward-looking in nature, can improve firm valuation, reduce the cost of capital, and strengthen investor confidence (Dhaliwal, Li, Tsang, & Yang, 2011; Lim et al. 2007; Schleicher & Walker, 2010). However, the voluntary nature of such disclosures also raises concerns about their credibility, selective presentation, and the motivations of executives making these disclosures. As such, scholars have increasingly turned their attention to understanding not only the institutional or structural factors influencing FLD but also the behavioral and psychological characteristics of top management teams, particularly the CEOs.

Among the various psychological dimensions explored, CEO narcissism has emerged as a particularly influential trait with implications for corporate decisions and communication.

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Narcissism is broadly characterized by traits such as a grandiose sense of self-importance, a constant need for admiration, dominance-seeking behavior, and a lack of empathy. While traditionally considered a clinical personality disorder, recent literature distinguishes between pathological narcissism and subclinical narcissism, the latter being prevalent in leadership and executive roles. Narcissistic individuals often project confidence, charisma, and vision traits that are desirable in leadership yet they also exhibit tendencies toward self-promotion, risk-taking, and ethical disregard, particularly when personal image or status is at stake (Chatterjee & Hambrick, 2006; Hambrick & Mason, 1984).

The growing scholarly interest in CEO narcissism stems from its demonstrated effects on a range of corporate behaviors. For instance, narcissistic CEOs are more likely to engage in mergers and acquisitions (Chatterjee et al., 2006), adopt aggressive investment strategies (Aktas, De Bodt, Bollaert, & Roll, 2016), and pursue corporate social responsibility (CSR) practices that enhance personal visibility rather than stakeholder welfare (Petrenko, Aime, Ridge, & Hill, 2016). These behaviors, in many cases, serve to reinforce their self-image and command admiration. Moreover, narcissistic CEOs have been shown to exert significant influence on the tone, content, and structure of corporate narratives, including annual reports, earnings announcements, and media communications (Campbell & Miller, 2011). Their desire for recognition and status often translates into overly optimistic disclosures, selective information sharing, and the framing of corporate messages in a manner that exaggerates success while downplaying risks (Fatfouta, 2019; Judge, Piccolo, & Kosalka, 2009).

Despite the growing literature on narcissistic leadership and its impact on corporate decision-making, the specific link between CEO narcissism and FLD remains underexplored, particularly in the context of emerging markets. The existing body of research tends to focus on developed economies with relatively mature corporate governance frameworks and stronger institutional oversight mechanisms. In contrast, emerging economies often exhibit weaker regulatory enforcement, concentrated ownership structures, family-dominated boards, and higher levels of CEO dominance, which may provide narcissistic CEOs greater latitude to shape corporate narratives without sufficient checks and balances (Alqatamin, Aribi, & Arun, 2017). The psychological traits of CEOs may thus play an outsized role in such environments, making it imperative to investigate their influence on disclosure behavior in these settings.

This study seeks to fill this research gap by empirically examining the impact of CEO narcissism on FLD among non-financial firms listed on the Pakistan Stock Exchange (PSX), focusing specifically on the PSX-100 Index. Pakistan presents a unique institutional and cultural context where corporate governance mechanisms are still evolving, and the role of individual executives is often more pronounced than in Western corporate settings. The research investigates whether narcissistic CEOs in Pakistan's capital market are more inclined to disclose FLD, and if so, what component of FLD disclosure is likely to be shaped by CEO narcissistic personality (Khan, Lockhart, & Bathurst, 2018).

This study employs a quantitative research design based on secondary data collected from annual reports of PSX-listed firms over a ten-year period (2013–2022). The data is analyzed using Ordinary Least Squares (OLS) regression, controlling for firm-level variables, as well as governance variables. The results demonstrate a significant positive relationship between CEO narcissism and the level of FLD, indicating that narcissistic CEOs are more inclined to provide extensive forward-looking information. The presence of narcissistic traits appears to motivate

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CEOs to disclose more ambitious forward-looking statements, likely driven by a desire to shape investor perception, assert leadership vision, and maintain visibility in capital markets. The analysis also reveals that narcissistic CEOs particularly excel at providing qualitative forward-looking information and show strong preferences for disclosing financial, non-financial, and environmental information.

The findings of this study contribute to multiple strands of literature. First, it enriches the voluntary disclosure literature by introducing psychological traits as significant predictors of disclosure behavior (Bassyouny et al., 2020; Chatterjee et al., 2006). Second, it adds empirical depth to the study of CEO narcissism, demonstrating that its influence extends beyond strategic decisions to the realm of corporate communication (Khan, Kamal, Hussain, & Abbas, 2022). Third, it provides valuable context-specific insights from an emerging market, enhancing the generalizability of theories developed in Western settings.

2. Literature Review

2.1. Theoretical Framework

The connection between executive characteristics and organizational outcomes has been widely studied through various theoretical lenses. Among the most prominent are upper Echelons Theory, agency Theory, signaling theory, and disclosure theory each of which contributes to understanding how managerial behavior, especially that of CEOs, influences voluntary disclosure practices such as forward-looking disclosure (FLD).

Hambrick & Mason (1984) posits that an organization's strategic choices and outcomes are significantly influenced by the cognitive bases, values, and personalities of its top executives. This framework highlights how executives' observable characteristics—such as education, experience, and psychological traits serve as proxies for underlying cognitive processes, thus shaping firm decisions. In the context of corporate communication, including disclosure practices, this theory implies that executive personalities (e.g., narcissism) influence the tone, content, and extent of information voluntarily shared with stakeholders.

Agency theory focuses on the conflict of interest between principals (shareholders) and agents (managers). Since FLD is not mandated by law, managers may strategically withhold or manipulate future-oriented information for personal benefit, exacerbating information asymmetry. CEOs with narcissistic tendencies may be particularly inclined to manage disclosures in ways that protect their image rather than prioritize shareholder interests (Jensen and Meckling, 1976). Thus, agency conflicts can be intensified by narcissistic leadership (Jensen, 2003).

Spence (2002) explains how managers send signals to the market to distinguish their firms from others. Voluntary disclosure especially forward-looking statements serves as a mechanism for signaling firm quality, competence, and prospects. However, the effectiveness of such signals depends on their credibility. CEOs with narcissistic traits may misuse FLD to project an inflated image of the firm, distorting market signals for self-enhancement purposes.

Disclosure theory extends both agency and signaling concepts, suggesting that firms use disclosure to manage stakeholder expectations, reduce uncertainty, and meet reputational or strategic objectives. FLD, as a voluntary disclosure form, is subject to managerial discretion and bias, making it highly susceptible to the personal motivations of decision-makers. Collectively, these theories suggest that psychological characteristics such as narcissism are likely to have a measurable effect on disclosure practices, especially when the disclosure is subjective and

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voluntary in nature, as is the case with forward-looking statements (Aljifri & Hussainey, 2007).

2.3. Hypothesis Development

2.3.1 CEO Narcissism and FLD

According to upper echelons theory, CEO traits play a central role in shaping how forward-looking information is framed. Narcissistic CEOs may view FLD as a platform for self-promotion, using optimistic language and overstated projections to reinforce their leadership image. This aligns with findings from Schleicher & Walker (2010) and Davis, Piger, & Sedor (2012), who documented that CEOs' psychological characteristics influence the tone of forward-looking narratives and earnings calls.

Narcissistic CEOs may influence the quantity of forward-looking disclosures. Petrenko et al. (2016) found that narcissistic leaders tend to engage more in CSR and public-facing activities, suggesting that the same motivation for external validation may lead them to increase the volume of forward-looking disclosures especially those that highlight visionary goals or achievements. However, the influence of narcissism is not uniformly positive. Fatfouta (2019) warns that narcissists often lack concern for organizational integrity, potentially leading to misleading or exaggerated FLD. In the absence of robust corporate governance structures, such disclosures may erode trust and misguide stakeholders. In the Pakistani context, factors such as family-controlled boards, weak regulatory enforcement, and low analyst scrutiny further compound this issue. Researchers suggest that in emerging markets like Pakistan, institutional voids allow CEOs greater autonomy over reporting practices, increasing the likelihood that narcissistic behavior will directly shape disclosure outcomes. This calls for empirical investigation into how these traits influence FLD in such settings (Khan, Kamal, Hussain, & Abbas, 2022).

While a growing body of research explores the impact of CEO narcissism on firm outcomes such as risk-taking, CSR, and tax avoidance, its direct influence on forward-looking disclosure remains underexplored, particularly in the context of emerging markets like Pakistan. The existing studies suggest that narcissistic CEOs exhibit behaviors that are likely to influence FLD such as tone management, impression motivation, and selective disclosure. Given the discretionary and subjective nature of FLD, narcissistic traits may lead to either an increase in disclosure frequency (to gain attention and admiration) or a biased tone (to protect self-image). Moreover, since FLD involves predictions about the future, narcissistic CEOs who are often overconfident and vision-driven may find this form of communication a natural platform for expressing grandiose ideas. Building on upper echelons theory, and supported by empirical literature, this study posits that CEO narcissism has a significant positive effect on forward-looking disclosure in annual reports (Bassyouny et al., 2020; Chatterjee et al., 2006).

Hence, the following hypothesis is proposed:

H1: CEO narcissism has a significant positive association with the forward-looking disclosure on annual reports.

3. Research Methodology

In this study, we test whether CEO narcissism significantly influences the quality and extent of FLD. The following subsections detail the population and sample size, data sources, variable measurements, and the empirical research model.

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3.1 Data and Sample

This study utilizes pre-existing data from the KSE-100 Index companies in Pakistan to investigate the impact of CEO narcissism and the implementation of FLD. The current study employs secondary data sourced from the annual reports published by the companies. The dataset employed in this study comprises panel data. Initially we start collecting data from downloading the annual reports from company's website of 72 non-financial firms 2013 to 2022. we collect data from 2013 because the data of corporate governance's variable board independence were not available. We drop 32 firms due to the shortage of unavailable data of CEO message which is important indicator of CEO narcissism index. Therefore, the final sample consists of 40 firms. The objective of this study is to assess the level of narcissism exhibited by CEOs and its impact on FLD relationships. All the Winsorize at 1% level to reduce the potential outliers.

3.2 Measurement of Variables

3.2.1. Dependent Variable: Forward-Looking Disclosure

FLD refers to the voluntary dissemination of information by company management aimed at providing stakeholders such as shareholders, investors, and creditors—with insights into the firm's strategic outlook, anticipated risks, and future performance (Alkhatib, 2014). Given its predictive utility, FLD has become an essential component of corporate transparency and is widely regarded as a critical informational resource for capital markets (Bravo, 2016; Lang & Lundholm, 1993).

This study measures FLD using a computer-assisted content analysis approach. Drawing on the method proposed by Hussainey et al. (2003), a dictionary of 35 forward-looking keywords (e.g., “expect,” “plan,” “forecast,” “future”) was used to identify forward-looking statements in annual report narratives. MAXQDA 2020 was employed to perform Keyword-in-Context (KWIC) analysis, allowing for the isolation and contextual verification of future-oriented statements. The proportion of forward-looking sentences relative to total sentences in the CEO's message and MD&A sections was computed to construct the FLD ratio. Irrelevant sentences flagged by keyword matches were manually excluded to ensure precision. List of words are provided in Appendix A.

Additionally, a checklist-based disclosure index was used to assess the presence of FLD across six dimensions: financial, non-financial, structural, environmental, qualitative, and quantitative disclosures (Barako, Hancock, & Izan, 2006; Maali, Casson, & Napier, 2006). Each item was coded using a binary scoring system, where a score of 1 was assigned if the item was disclosed and 0 otherwise. Equal weight was assigned to each disclosure item, and the scores were aggregated to form a Forward-Looking Disclosure Index (FLDI), following the disclosure index methodology established by (Cerf, 1961) and further adopted by (Aribi, Alqatamin, & Arun, 2018; Muttakin & Subramaniam, 2015). Items are provided in Appendix B.

This study follow Aribi et al. (2018) and utilized a disclosure index as a means of evaluating the degree of FLD.

$$FLDI = \sum di / TDS$$

Where:

- $\sum di$ = Total number of forward-looking items disclosed
- TDS = Total possible forward-looking disclosure items

This dual-method approach—combining keyword-based ratio analysis and checklist scoring ensures a robust measurement of both the quantity and quality of FLD. It reflects both linguistic

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tendencies and the substantive breadth of disclosure, enhancing the construct validity of the dependent variable. This methodology has been widely endorsed for its reliability in evaluating corporate reporting practices (Bozzolan, Trombetta, & Beretta, 2009).

3.2.2. Independent Variable

CEO narcissism is measured using a validated narcissism index developed by Chatterjee et al. (2006) widely applied in leadership research (Cragun, Olsen, & Wright, 2020; Engelen, Neumann, & Schmidt, 2016). Based on prior frameworks, four unobtrusive indicators are used. First, CEO photo prominence is assessed on a 4-point scale based on the size and positioning of the CEO's image in annual reports. Second, pronoun usage in CEO letters is analyzed using MAXQDA 2020, calculating the ratio of first-person singular (e.g., "I," "me," "mine") to total first-person pronouns, reflecting self-focus (Ackerman et al., 2011). Third, relative cash compensation is computed as the CEO's cash pay divided by that of the second-highest paid executive, indicating self-importance (Chatterjee et al., 2006). Fourth, the number of signatures below the CEO's letter is counted and reverse-coded, with fewer co-signatures reflecting centralization of image. A fifth indicator (total compensation ratio) was excluded due to data unavailability. Each variable is standardized, and the overall narcissism score is calculated as the average of the four dimensions. Factor analysis confirms a single-factor structure, with all item loadings exceeding 0.70, validating that the combined indicators effectively capture the CEO narcissism construct (Engelen et al., 2016).

3.3. Measurement of control variables

Control variables are essential components in empirical research, as they allow researchers to isolate the relationship between independent and dependent variables by accounting for other influencing factors. By keeping these variables constant, the model can accurately capture the direct effect of CEO narcissism on FLD, free from the distortion of extraneous influences (Nielsen & Raswant, 2018). In this study, a comprehensive set of control variables is employed, classified into three dimensions: CEO-level characteristics, firm-level attributes, and corporate governance-related factors.

At the CEO level, education, duality, and gender are considered. Educational background has been recognized as a significant determinant of managerial effectiveness and decision-making capabilities (Certo, 2003). CEOs with higher educational qualifications are more inclined to engage in voluntary disclosure practices (Hambrick & Mason, 1984). Education is measured using two proxies: whether the CEO holds a master's degree, such as an MBA (Darmadi, 2013), and whether the CEO obtained their degree from a foreign institution (Hu, Zhu, Tucker, & Hu, 2018). CEO duality where one individual hold both the CEO and board chair roles can diminish board independence and oversight. To address this, the study uses a binary variable to indicate duality (S. Khan & Kamal, 2022). CEO gender diversity is also considered, as it influences leadership behavior and corporate communication practices. This variable is coded as 1 for male and 0 for female CEOs, consistent with studies on gender and disclosure (Andriosopoulos et al., 2013).

Firm-level control variables include firm size, profitability, dividend payout, and financial leverage. Larger firms are generally more transparent and subject to greater scrutiny, often engaging in more extensive voluntary disclosures (Al-Najjar & Abed, 2014). Firm size is measured by the natural logarithm of total assets (Sartawi et al., 2014). Profitability is another key determinant, with more profitable firms typically disclosing more information to attract investment and sustain reputation.

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It is measured using return on assets (ROA), calculated as net income before tax divided by total assets (Uyar & Kilic, 2012) . Dividend payout is also a relevant factor, as firms that pay regular dividends often reduce information asymmetry through more open communication (Hussainey & Walker, 2009). The dividend ratio is measured as the ratio of cash dividends to net income. Financial leverage reflects a firm's reliance on debt, and companies with higher leverage ratios tend to disclose more information to satisfy creditor demand. It is measured by dividing total long-term debt by total assets (Watson, Shrives, & Marston, 2002) .

Corporate governance-related variables include board size, board meeting frequency, and board independence. Board size may affect a firm's ability to supervise management and promote transparency, although prior research presents mixed evidence on its effect (Adams et al., 2010). This is captured by counting the total number of directors on the board. The number of board meetings serves as a proxy for board activity and diligence, with more frequent meetings indicating stronger oversight (Qu, Ee, Liu, Wise, & Carey, 2015). Board independence, defined as the proportion of non-executive directors, is a crucial mechanism for reducing agency conflicts and improving monitoring. A higher number of independent directors is generally associated with more transparent disclosure practices (Jizi et al., 2014). Each of these variables plays a vital role in understanding and contextualizing the relationship between CEO narcissism and FLD.

1.1 3.4. Empirical research model

For the empirical analysis, the following regression model is formulated.

$$FLD_{it} = \alpha + \beta_1(NAR_{it}) + \beta_2(CEDU_{it}) + \beta_3(CD_{it}) + \beta_4(C.Gen_{it}) + \beta_5(F.Size_{it}) + \beta_6(F.Prof_{it}) + \beta_7(Divi_{it}) + \beta_8(F.Lev_{it}) + \beta_9(B.Size_{it}) + \beta_{10}(B.Meet_{it}) + \beta_{11}(B.Ind_{it}) + \varepsilon_{it} \quad (1)$$

Table 1: Variables' Definitions and Measurements

Label	Variable	Detail
Dependent Variable (DV)		
FLD	Forward-Looking Disclosure	The total level of FLD is measured through disclosure ratio using number of sentences with forward-looking disclosure.
Independent Variables (IV)		
NAR	CEO Narcissism	The index of CEO narcissism Chatterjee and Hambrick (2007): (a) the prominence of the CEO's photograph in the annual report (on a 4-point scale, depending on its size and whether it showed the CEO alone or together with others); 2 (b) the CEO's cash compensation and (c) the CEO's total compensation, both relative to that of the second most highly compensated executive; (d) the relative use of first-person singular pronouns (I, me, my, ...) versus first-person plural pronouns (we, us, our, ...) in the letter to shareholders;3 (e) the number of signatures under the letter to shareholders (reversed)
Control Variables		

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CEDU.	CEOs' Education	The study measured this using two proxies: 1. Master's Education: a dummy variable in which if a CEO holds an MBA degree, the value is coded as 1; otherwise, if the CEO does not possess an MBA degree, the value is coded as 0. 2. Foreign Education: a dummy variable in which if a CEO holds a foreign degree the value is 1 otherwise 0.
CD.	CEO Duality	A dummy variable that takes the value 1 if the CEO and chairperson are the same person and 0 otherwise.
C. Gen	CEO Gender	A dummy variable taking value 1 if CEO male, and 0 if CEO female.
F. Size	Firm Size	The natural log of a firm's total assets.
F. Prof	Firm Profitability	Measured by ROA (net income before tax divided by total assets).
Continue...		
Label	Variable	Detail
Divi.	Firm Dividend Ratio	Cash dividends divided by net income for the same period.
F. Lev	Firm Leverage Ratio	Measured by total long-term debt divided by total assets.
B. Size	Board Size	Measured by the total number of members on the board.
B. Meet	Board Meetings	The number of meetings per year held by the board of directors.
B. Ind	Board Independence	Measured by the total number of outside directors.

4. Results and Discussion

4.1. Descriptive Analysis

Descriptive statistics are employed to characterize the research data by determining key summary measures such as the minimum, maximum, mean, and standard deviation. However, in the context of research data that utilizes dummy variables, the data is defined based on frequency and proportion. The findings of the descriptive statistics are presented in Table 2 panel A.

Table 2: Panel A: Summary Statistics of Forward-Looking Disclosure and Its Components

	N	Mean	Median	Std. Dev.	Min	Max
Fld	665	.102	0.073	.086	.011	.462
Qan.Fld	665	.017	0.007	.033	0	.333
Qua.Fld	665	.087	0.061	.084	0	.703
Fin.Fld	665	.04	0.021	.059	0	.595
N.Fin	665	.027	0.017	.037	0	.308
Struct.	665	.023	0.014	.034	0	.385
Env	665	.049	0.024	.07	0	.512

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Note. FLD, short for Forward Looking Disclosure, is a term used to denote the practice of providing information or statements about future events, projections, or expectations in a business or financial context. In the table, the abbreviation "Qan. FLD" denotes quantitative FLD, while "Qua. FLD" refers to qualitative FLD. "Fin. FLD" represents financial FLD, and "N. Fin FLD" represents non-financial FLD. Additionally, "struct" represents a company's structure, while "Env" represents the environment.

The Table 2 presents the descriptive statistics for six variables, namely Fld, Qan. Fld, Qua. FLD, Fin. Fld, N. Fin, Struct., and Env. The table presents the sample size (N), mean, median, standard deviation (Std. Dev.), minimum value (min), and maximum value (max) for each variable. According to table 1, the variable FLD has been observed in a sample of 665 data points. The dependent variable: FLD has a mean value of 0.102 with standard deviation value 0.086. It implies that the FLD variable exhibits a broad spectrum of values, ranging from a minimum of 0.011 to a maximum of 0.462. The mean and median exhibit close proximity, suggesting a near symmetry in the distribution of the data. The observed standard deviation exhibits a rather large magnitude, suggesting a substantial dispersion of data points from the central tendency represented by the mean.

The descriptive analysis of the dataset provides key insights into the characteristics of the 275 CEOs included in the study. It is provided in Table 3.

Table 3: panel B: Summary Statistics of CEO Narcissism, Its Components and control variables

	N	Mean	Median	Std. Dev.	Min	Max
NAR	275	.204	0.169	.457	-.736	1.547
photo	726	2.281	1.000	1.63	1	5
Signs	723	1.372	1.000	.484	1	2
CEO cash	679	8.109	2.685	13.851	.562	58.762
CEO Msg	283	.231	0.125	.263	0	1
F. Size	655	17.4	17.293	1.332	14.014	20.544
Debt	655	.293	0.194	.479	0	3.398
Div (Dumy)	689	.608	1.000	.489	0	1
ROA	655	.092	0.083	.112	-.324	.515
B. Size	636	2.279	2.197	.186	1.946	2.944
B. Ind	627	.199	0.167	.154	0	.8
B. Meet	611	.801	0.821	.131	.36	1
Master Edu	642	.651	1.000	.477	0	1
T. CEO duality	639	.03	0.000	.17	0	1
For. Edu	689	.595	1.000	.491	0	1

Note. The variable "NAR" denotes the average level of narcissism. The term "Photo" refers to the photograph of the Chief Executive Officer (CEO). The term "Signs" represents the signature placed beneath a letter addressed to the shareholders. "CEO cash" signifies the monetary compensation received by the CEO, which is evaluated in comparison to that of the second most highly compensated executive. The message represents the first-person singular

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and plural pronouns used in the CEO's communication. The subsequent variables encompass the control variables, namely F. Size denoting firm size, Div representing dividend, ROA signifying profitability, B. size indicating board size, B. Ind denoting board independence, and B. meeting representing board meeting. The dummy variables used in this study are Master education, which represents the level of education attained by CEOs; T.CEO duality, which represents the total CEO duality and For Edu, which represents the presence of foreign education.

One of the primary variables, CEO narcissism (NAR), shows a mean score of 0.204 and a median of 0.169. While these values suggest the presence of narcissistic tendencies among the CEOs, the standard deviation of 0.457 indicates notable variability, with scores ranging from -0.736 to 1.547. This variation points to a diverse level of narcissistic traits across the sample. Variable "Photo" presents a mean score of 2.281 and a median of 1.000, revealing a skewed distribution. The standard deviation of 1.63 further supports the existence of significant variability, suggesting that while many CEOs score low on this measure, a few exhibit notably higher values. Similarly, the "Signs" variable, with a mean of 1.372, median of 1.000, and a relatively low standard deviation of 0.484, indicates that most CEOs scored low, with less variation across the group. Above analysis of "CEO Cash" shows a high mean value of 8.109 and a median of 2.685, indicating potential outliers in compensation data. A high standard deviation of 13.851 and a range from 0.562 to 58.762 further confirms a wide disparity in CEO cash earnings. In contrast, the "CEO Msg" variable, which captures forward-looking language in messages, averages 0.231 with a median of 0.125 and a standard deviation of 0.263, reflecting moderate variation in disclosure styles. Furthermore, the dataset includes firm-level characteristics (firm size, debt levels, dividends, ROA), governance indicators (board size, independence, meetings, CEO duality), and educational attributes (master's and foreign education).

4.2. Correlation Analysis

Pairwise Correlation Matrix

The pairwise correlation matrix explores the relationships among 17 variables related to FLD, CEO narcissism (NAR, photo, signs), CEO compensation (CEO cash), CEO communication (CEO Msg), firm characteristics (firm size, debt, dividend dummy, ROA), board attributes (board size, independence, meetings), CEO education (master's, foreign), and corporate governance (CEO duality). Correlation coefficients range from -1 to +1, with significance assessed through p-values: below 0.05 indicates significance, and below 0.01 indicates high significance.

A positive correlation of 0.18 exists between CEO narcissism (NAR) and FLD, suggesting a weak but notable relationship. CEO photo scores correlate negatively with FLD (-0.10), while CEO signs are not specified here. CEO cash shows a weak negative correlation (-0.03), and CEO Msg shows a slight positive association (0.11) with FLD. Firm size has a modest negative correlation (-0.13), and ROA shows a minor positive correlation (0.06). Dividend dummy (-0.02), board size (-0.22), board independence (-0.14), and board meetings (-0.02) all exhibit weak or modest negative links with FLD. CEO education shows mixed results: master's education has a slight positive correlation (0.04), while foreign education is slightly negative (-0.04). No substantial correlation is observed between debt or CEO duality and FLD. Overall, correlations are mostly weak, highlighting the complex dynamics influencing FLD in Pakistani firms.

4.3 Regression Analysis

Baseline Results

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Baseline results are provided in Table 5. This study estimates four regression models (1) through (4) to gauge how a set of independent and control variables affects FLD. The focal independent variable is CEO narcissism (NAR), while the controls comprise firm size (F. Size), firm leverage (F. Lev), firm profitability (F. Prof), dividend ratio (Divi.), board size (B. Size), board independence (B. Ind), board meetings (B. Meet), CEOs' foreign education (CEDU), and CEO duality (CD), with year dummies to capture time effects.

Column 1. FLD is regressed on NAR only. NAR shows a positive and statistically significant coefficient at the 1 % level, and the model explains 5.2 % of the variation in FLD ($R^2 = 0.052$).

Column 2. Adding F. Size leaves NAR significant at 1 %, while F. Size is negatively associated with FLD at the 5 % level, implying larger firms issue less forward-looking information. Model fit improves ($R^2 = 0.109$). Column 3. Incorporating F. Lev increases explanatory power ($R^2 = 0.177$). NAR remains significant; F. Size stays negative; F. Lev is positively related to FLD at the 1 % level. Column 4. The full model introduces F. Prof, Divi., B. Size, B. Ind, B. Meet, CEDU, and CD. NAR keeps its strong positive effect, but F. Size loses significance. CD exhibits a negative coefficient at the 1 % level, indicating that combining the CEO and chair roles suppresses forward looking disclosure. Overall, NAR consistently shows a robust, positive relationship with FLD across all model specifications, even after controlling for firm characteristics and governance factors.

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Table 4: Pairwise Correlation Matrix

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
(1) FLD	1.00																
(2) NAR	0.18*	1.00															
(3) Photo	-0.10*	0.49*	1.00														
(4) Signs	0.22*	0.32*	-0.21*	1.00													
(5) CEO Cash	-0.03	0.63*	0.27*	-0.14*	1.00												
(6) CEO Msg	0.11	0.27*	-0.22*	-0.06	-0.21*	1.00											
(7) F. Size	-0.13*	0.10	0.40*	-0.29*	0.26*	-0.03	1.00										
(8) Debt	0.08	0.20*	-0.06	-0.13*	0.00	0.36*	-0.14*	1.00									
(9) Div dum	-0.02	-0.19*	0.16*	-0.06	-0.01	-0.09	0.13*	-0.21*	1.00								
(10) ROA	0.06	-0.11	0.08*	0.04	-0.08*	0.01	-0.10*	-0.06	0.31*	1.00							
(11) B. Size	-0.22*	0.07	0.23*	-0.06	0.13*	0.01	0.40*	-0.10*	0.06	0.03	1.00						
(12) B. Ind	-0.14*	0.02	0.08*	-0.29*	0.14*	0.10	0.18*	0.06	0.11*	-0.08	0.02	1.00					
(13) B. Mee	-0.02	-0.02	-0.07	-0.04	0.00	0.00	-0.12*	0.10*	-0.05	-0.10*	-0.18*	0.11*	1.00				
(14) Master Edu	0.04	0.13*	0.04	-0.01	0.03	-0.10	-0.01	0.07	0.07	0.13*	-0.13*	0.01	0.04	1.00			
(15) For Edu	-0.04	-0.10	-0.08*	-0.10*	-0.03	-0.04	0.03	0.09*	0.07	0.00	-0.11*	0.03	0.05	0.19*	1.00		
(16) T. CEO Duality	0.01	-0.18*	-0.13*	0.10*	-0.06	0.09	-0.07	-0.07	0.01	0.07	-0.03	-0.03	-0.12*	-0.05	-0.01	1.00	1.00

Note. Robust t-statistics in parentheses * p < 0.01, ** p < 0.05, * p < 0.1.**

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Table 5: Impact of CEO Narcissism on FLD

	(1)	(2)	(3)	(4)
Variables	FLD	FLD	FLD	FLD
NAR	0.026*** (2.607)	0.024** (2.050)	0.028** (2.383)	0.028** (2.128)
F size		-0.007** (-2.047)	-0.003 (-0.631)	-0.004 (-0.800)
Debt		0.028*** (3.586)	0.022*** (2.624)	0.019** (2.148)
ROA		0.027 (0.516)	0.062 (1.151)	0.060 (1.086)
Div_dum		-0.002 (-0.173)	-0.007 (-0.606)	-0.008 (-0.727)
B size			-0.087*** (-3.880)	-0.084*** (-3.563)
B_ind			-0.011 (-0.424)	-0.009 (-0.344)
B_meeting			0.030 (1.352)	0.027 (1.203)
For_edu				0.012 (1.093)
T. CEO_duality				-0.034*** (-2.694)
Constant	0.095*** (5.117)	0.202*** (3.368)	0.321*** (4.496)	0.328*** (4.609)
Year	YES	YES	YES	YES
Observations	243	230	212	212
R-squared	0.052	0.109	0.177	0.193

Note. Robust t-statistics in parentheses * p < 0.01, ** p < 0.05, * p < 0.1.**

Table 6 presents regression results analyzing the impact of CEO narcissism (NAR) on qualitative forward-looking disclosure (QUA_FLD). Across all four model specifications, the coefficient for NAR remains consistently positive. In Models 1 and 3, the coefficient is statistically significant at the 5% level, indicating that narcissistic CEOs are more likely to engage in greater QUA_FLD. This suggests that CEOs with narcissistic tendencies may be more inclined to project their strategic vision and future goals publicly. The constant term in Model 1 is statistically significant, with a value of 0.078, and the model explains about 4.8% of the variance ($R^2 = 0.048$). In Models 2 and 3, firm size (F. Size) shows a negative association with QUA_FLD. The relationship is statistically significant in Model 2, implying that smaller firms are more transparent about future plans compared to larger ones. Firm leverage (F. Lev) exhibits a consistently positive and statistically significant relationship with QUA_FLD across all models, suggesting that highly leveraged firms tend to disclose more forward-looking information—likely as a signal of transparency toward creditors. Model 4 incorporates additional board-related variables. Board size (B. Size) and board independence (B. Ind) both show negative and statistically significant coefficients, indicating that larger, more independent boards may discourage extensive disclosure. In contrast, board meetings (B. Meet), CEO education (CEDU), and firm profitability (F. Prof) show no significant relationship with QUA_FLD. However, CEO duality (CD) demonstrates a statistically significant negative

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coefficient (-0.028), suggesting that when the CEO also serves as the board chairperson, it negatively affects the level of qualitative disclosure.

Table 6: Impact of CEO Narcissism on Qualitative FLD

Variables	(1) QUA_FLD	(2) QUA_FLD	(3) QUA_FLD	(4) QUA_FLD
NAR	0.021** (2.357)	0.019* (1.733)	0.022** (1.983)	0.020 (1.580)
F.size		-0.006* (-1.890)	-0.002 (-0.493)	-0.002 (-0.509)
Debt		0.026*** (3.440)	0.021** (2.425)	0.020** (2.188)
ROA		0.014 (0.302)	0.047 (0.919)	0.049 (0.915)
Div_dum		0.000 (0.034)	-0.006 (-0.496)	-0.006 (-0.492)
B_size			-0.085*** (-3.985)	-0.086*** (-3.656)
B_ind			-0.001 (-0.073)	-0.002 (-0.109)
B_meeting			0.013 (0.635)	0.006 (0.318)
For_Edu				-0.001 (-0.050)
T. CEO duality				-0.028** (-2.353)
Year	Yes	Yes	Yes	Yes
Constant	0.078*** (6.161)	0.169*** (3.233)	0.301*** (5.105)	0.313*** (5.336)
Observations	243	230	212	212
R-squared	0.048	0.104	0.184	0.194

Robust t-statistics in parentheses *** p<0.01, ** p<0.05, * p<0.1

The regression results offer important insights into the factors affecting QAN_FLD in Table 7.

Table 7: Impact of CEO Narcissism on Quantitative FLD

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Variables	(1) QAN_FLD	(2) QAN_FLD	(3) QAN_FLD	(4) QAN_FLD
NAR	0.006* (1.889)	0.005 (1.413)	0.006* (1.671)	0.008* (1.827)
F size		-0.001 (-0.817)	-0.000 (-0.213)	-0.001 (-0.655)
Debt		0.002 (0.354)	0.001 (0.153)	-0.001 (-0.156)
ROA		0.016 (0.696)	0.021 (0.862)	0.018 (0.769)
Divi. (dummy)		-0.004 (-1.108)	-0.003 (-0.830)	-0.004 (-1.174)
B. Size			-0.008 (-0.923)	-0.004 (-0.537)
B. Ind			-0.012 (-1.500)	-0.010 (-1.272)
B. Meet			0.023** (2.376)	0.025** (2.577)
For. Edu				0.010*** (2.647)
T. CEO duality				-0.008* (-1.695)
Year	Yes	Yes	Yes	Yes
Constant	0.017* (1.859)	0.035 (1.440)	0.026 (0.759)	0.023 (0.662)
Observations	243	230	212	212
R-squared	0.042	0.051	0.073	0.106

Robust t-statistics in parentheses * p<0.01, ** p<0.05, * p<0.1**

In Model 1, the CEO narcissism variable (NAR) shows a positive and statistically significant coefficient of 0.006 ($p < 0.05$), though the effect size is small. The model explains 4.2% of the variation in QAN_FLD ($R^2 = 0.042$) based on 243 observations. In Model 2, the NAR coefficient drops to 0.005 and is no longer statistically significant. The model, with 230 observations, has a slightly higher explanatory power ($R^2 = 0.051$). The inclusion of firm size and other variables does not significantly affect QAN_FLD. In Model 3, NAR regains statistical significance at the 10% level with a coefficient of 0.006. The explanatory power improves ($R^2 = 0.073$), and several new insights emerge. Board meeting frequency (B. Meet) and foreign education of the CEO (For. Edu) have significant positive effects, while CEO duality (T. CEO duality) shows a significant negative impact on QAN_FLD.

4.4 Impact of CEO Narcissism on FLD Components

The following analysis in Table 8 demonstrates how CEO NAR impact FLD components.

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Table 8: CEO Narcissism on FLD Components

Variables	(1) Fin FLD	(2) N. Fin FLD	(3) Struct	(4) Env
NAR	0.016*	0.016***	-0.000	0.024**
	(1.892)	(2.937)	(-0.142)	(2.311)
F. size	0.000	-0.002	-0.000	0.000
	(0.031)	(-1.632)	(-0.122)	(0.084)
Debt	0.008	-0.005	0.014***	0.022**
	(1.275)	(-1.589)	(5.797)	(2.366)
ROA	0.013	-0.019	0.041***	0.043
	(0.391)	(-1.120)	(2.620)	(0.985)
Div_dum	-0.007	-0.004	0.004	-0.010
	(-1.021)	(-0.779)	(1.406)	(-1.117)
B_size	-0.053***	-0.028**	0.007	-0.068***
	(-3.833)	(-2.501)	(0.951)	(-4.145)
B_ind	-0.024*	-0.008	0.001	0.000
	(-1.704)	(-0.652)	(0.076)	(0.000)
B_meeting	0.019	0.008	0.010	0.018
	(1.370)	(0.829)	(1.535)	(0.832)
For_Edu	0.003	-0.001	0.005	0.006
	(0.419)	(-0.230)	(1.648)	(0.761)
T. CEO duality	-0.019**	-0.003	-0.008*	-0.027***
	(-2.228)	(-0.270)	(-1.664)	(-2.848)
Year	Yes	Yes	Yes	Yes
Constant	0.149***	0.155***	-0.018	0.172***
	(2.966)	(4.216)	(-0.932)	(2.858)
Observations	212	212	212	212
R-squared	0.153	0.181	0.218	0.202

Robust t-statistics in parentheses * p<0.01, ** p<0.05, * p<0.1**

The results show that CEO narcissism has a significant positive effect on Financial FLD (coefficient: 0.016, p<0.1), Non-Financial FLD (coefficient: 0.016, p<0.01), and Environmental component of FLD (coefficient: 0.024, p<0.05), but no significant effect on Structural disclosure. Among the control variables, board size consistently shows negative effects across most disclosure types, while CEO duality appears to reduce disclosure levels in Financial FLD, Structural, and Environmental categories. The models explain between 15.3% and 21.8% of the variance in disclosure components, suggesting that narcissistic CEOs tend to increase certain types of corporate disclosures, particularly non-financial and environmental information, possibly reflecting their desire for attention and self-promotion through enhanced

corporate transparency.

5. Conclusion

This research examined the influence of CEO narcissism on FLD using data from companies listed on the PSX-100 Index in Pakistan. Utilizing a cross-sectional analysis through the OLS regression model, the study found a significant association between CEO narcissistic traits and the extent of forward-looking information shared by firms. These findings support the initial hypothesis and provide evidence that narcissistic tendencies among CEOs can materially affect how organizations present their future outlook and strategic direction. The presence of narcissistic traits appears to motivate CEOs to disclose more ambitious forward-looking statements, likely driven by a desire to shape investor perception, assert leadership vision, and maintain visibility in capital markets. Narcissistic CEOs particularly excel at providing qualitative forward-looking information.

These results highlight the importance of considering the psychological and behavioral characteristics of top executives when analyzing corporate disclosure practices. The study contributes to the growing body of literature that bridges leadership traits with corporate transparency, especially in emerging markets like Pakistan where regulatory frameworks are evolving and information asymmetry remains a concern. It demonstrates that the personal characteristics of CEOs specifically narcissism can serve as a meaningful predictor of disclosure behavior. Companies and investors, therefore, must be aware of the potential implications of CEO personality on strategic communication and transparency.

From a theoretical standpoint, the study aligns with the Upper Echelons Theory by explaining how executives' psychological attributes shape organizational outcomes. Narcissistic CEOs may perceive extensive disclosure as a platform to showcase their vision and gain validation, reinforcing the link between personality traits and firm-level communication strategies (Bernacchio, 2022; Spence, 2002) .

The practical implications of the study are across-the-board. The findings can guide boards of directors in CEO hiring, evaluation, and succession planning by highlighting the need to balance visionary traits with accountability and transparent communication. Regulators and policymakers may also benefit from these insights by considering personality-driven risks when designing governance frameworks and disclosure requirements. Encouraging a disclosure culture that values both ambition and accuracy may help mitigate potential downsides of excessive self-promotion. Moreover, understanding the relationship between CEO narcissism and disclosure practices can improve investor awareness, helping them better interpret strategic announcements made by firms led by highly confident or self-centered leaders.

While the study provides compelling evidence, it also opens up several avenues for future research. Exploring gender-related dynamics in narcissistic leadership could yield novel insights, particularly in the Pakistani context where female CEOs are underrepresented. Future studies might examine whether narcissistic traits manifest differently across genders and how this influences disclosure. Moreover, expanding the analytical approach beyond OLS regression to include advanced techniques such as structural equation modeling may uncover mediating or moderating variables, deepening our understanding of the complex mechanisms at play between CEO personality and corporate communication.

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Appendix A.

List of Forward-Looking Key Words

No.	Forward-Looking Key words	No.	Forward-Looking Key words
1	Accelerate	2	Anticipate
3	Await	4	Coming financial year(s)
5	Coming months	6	Confidence (or confident)
7	Convince	8	Current financial year
9	Envisage	10	Estimate
11	Eventual	12	Expect
13	Forecast	14	Forthcoming
15	Hope	16	Intend (or intention)
17	Likely (or unlikely)	18	Look forward (or look ahead)
19	Next	20	Novel
21	Optimistic	22	Outlook
23	Planned (or planning)	24	Predict
25	Prospect	26	Remain
27	Renew	28	Scope for (or scope to)

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29	Shall	30	Shortly
31	Should	32	Will
33	Soon	34	Well placed (or well positioned)
35	Year(s) ahead		

Appendix B.

FLI disclosures categories

Financial (FLI Items)	I.	Income
	II.	Profit
	III.	Loss
	IV.	Cash Flow
	V.	Capital
	VI.	Return on Equity
	VII.	Sales
	VIII.	Capital Expenditures
	IX.	Production
	X.	Cost
	XI.	Expenses
Non-Financial (FLI Items)	I.	Strategies Items
	II.	Goals for Performance
	III.	Mission
	IV.	Objectives
Company Structure	I.	Financial Structure
	II.	Change in Ownership
	III.	Industry Type
	IV.	Human Intellectual Capital
	V.	Mergers and Acquisitions
	VI.	Technological Structure
Environment	I.	Legal and regulatory
	II.	Political
	III.	Economic conditions
	IV.	Social responsibility

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	V. Competitive position
	VI. Financial and non-financial resources
	VII. Risks
	VIII. Relationship